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WB World Café

What instruments can my country access to finance disaster response? The WB Crisis Response Toolkit



THE WORLD BANK



WORLD BANK GROUP

Academy

Risk Layering using budgetary instruments and those from the private sector and MDBs

High intensity/
low frequency
Risks



Low intensity /
high frequency
risks

RISK
TRANSFER

RISK
RETENTION

Alternative Disaster Risk Transfer

Reinsurance, Cat Swaps, Derivatives, other market options

Sovereign Disaster Risk Transfer

Sovereign insurance, cat bonds

Micro / Meso Disaster Risk Transfer

Insurance schemes for households,
SMEs, farmers, ...

Contingent financing

IPF-DDO, Cat-DDO, DDOs
from other MDBs

Flexible reallocation solutions

CERCs, CERPs, Emergency
IPFs

Debt relief solutions

Climate Resilient Debt
Clauses

Budgetary instruments

Regional reserves, national reserves, national contingency fund,
reallocation from the national budget

Toolkit instruments



CERC

1

- *'Contingent Emergency Response Components'*
- Allows a country to reallocate funds from a WBG project for emergency funding.



CERP (and RRO)

2

- *'Contingent Emergency Response Project'*
- Allows a country to reallocate up to 10% of funds from its IDA/IBRD national envelope for emergency funding through *'Rapid Response Option (RRO)'*.



IPF DDO

3

- *'Investment Project with a Deferred Drawdown Option'*
- Allows a country to access contingency funding for an IPF at pre-arranged conditions for emergency funding.
- Pre-defined trigger.



Cat DDO

4

- *'Development Policy Financing with a with a Deferred Drawdown Option'*
- Allows a country to access contingency funding at pre-arranged conditions for budget support.
- Pre-defined trigger.
- Can be topped-up with RRO.



DRT

5

- *'Disaster Risk Transfers'*
- Allows a country to purchase Cat Bonds or insurance products through WBG projects.

The four we will deep-dive into today:



Rapid Response Option (RRO)



Contingent Lines Of Finance: Cat-DDO



Contingent Lines Of Finance: IPF-DDO



Disaster Risk Transfer Transactions (DRTT)



Photo credit : Islamic help UK